



COMMONWEALTH OF MASSACHUSETTS
EXECUTIVE OFFICE OF ENVIRONMENTAL AFFAIRS
DEPARTMENT OF ENVIRONMENTAL PROTECTION
ONE WINTER STREET, BOSTON, MA 02108 617-292-5500

MITT ROMNEY
Governor

KERRY HEALEY
Lieutenant Governor

STEPHEN R. PRITCHARD
Secretary

ROBERT W. GOLLEDGE, Jr.
Commissioner

March 1, 2006

To All Interested Parties:

The Department of Environmental Protection, Division of Municipal Services, is pleased to announce this 2006 **Final Intended Use Plan (IUP)** for the **Drinking Water State Revolving Fund (DWSRF)** loan program. The purpose of the DWSRF program is to assist Public Water Suppliers implementing the requirements of the Safe Drinking Water Act.

The IUP (Table 1) lists by priority ranking those projects that the Department will recommend be financed through the Water Pollution Abatement Trust in 2006. The IUP lists those projects determined to be the most significant in terms of public and environmental health. A copy of the final IUP is attached. The IUP lists twelve (12) new construction projects and four (4) carry-over projects from the previous IUP, totaling \$123,780,000. Final specific project scopes and eligible costs will be established during the project approval process, which commences upon Department receipt of a complete application including final Plans and Specifications.

Department objectives for DW SRF set-aside activities are included as Attachment A. This Attachment A details how the Department intends to utilize these set aside funds in FY 2006 to implement the federal Safe Drinking Water Act. The DWSRF "set aside" programs are: Administration, Small System, State Program Management, and Local Assistance, with \$6.4M allocated to these purposes.

The Project Priority List (PPL) section of the Final IUP (Table 2) lists the scores for all applications submitted to the Department in August of 2005. Scores were determined by a review of applicant responses to a series of questions intended to measure the severity of public health and environmental problems. For 2006, up to 30% of the available solicitation points were awarded in consideration of a community's commitment to Sustainable Development principles

The Department is required to allocate 15% of the DW SRF grant for projects assisting small systems, defined as those with fewer than 10,000 customers. Fifteen percent of the 2006 grant is \$3,338,865. Two (2) projects, totaling \$6,985,000, or 31% of the 2006 grant, are included on the IUP, easily satisfying the small system requirement.

MassDEP has, in reaction to the massive infrastructure losses on the Gulf Coast this summer, increased the DW emergency reserve to \$3.5M. This will finance at MassDEP's discretion, unanticipated problems of acute public health concern, which arise during the year. To be funded under this reserve proposed

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DEP on the World Wide Web: <http://www.mass.gov/dep>

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projects must be in response to an imminent public health threat and otherwise meet the Department's applicable criteria.

In consultation with EPA Region 1, the Department agreed to elevate to the IUP any project whose implementation would be necessary to remediate the most serious risk to human health or would be necessary to ensure compliance with the requirements of the SDWA, if the proponent score was so low on CommCap as to miss the funded portion of the Priority list. No projects were observed to address meet that threshold, a serious threat to public health coupled with a poor CommCap score. Consequently, the Department did not exercise this provision in creating the Final IUP.

At 1:30 p.m. on January 23, 2006, the Department conducted a **Public Hearing** in the MassDEP Conference Room on the second floor of One Winter Street, Boston, in regard to the Draft IUP. Oral and written testimony were received in regard to project scores, the \$15 million applicant cap, the Emergency Reserve, DWSRF Set Aside Programs and the exclusion of planning and design costs. The testimony is reflected in the Final rankings and is summarized in the record of the Public Hearing, available through this office.

Based upon testimony received during the public comment period, the Department has revised the Draft recommendation. The Commonwealth will increase the applicant cap for this IUP to \$30 million dollars of the available funding. This will limit any one applicant from receiving any more than thirty (30) million dollars of the available funding.

Successful applicants are required to obtain local appropriation for their project cost by no later than June 30, 2006, and to submit a copy of the vote to DEP. In addition, each applicant is required to submit "buildable" plans and specifications with a completed financial application to DEP by no later than October 16, 2006. Failure to meet either deadline will result in removal from the IUP. A bypass procedure can be implemented at the Department's discretion, resulting in an offer of funding to the next highest rated project ready to proceed at the time. DEP will contact all selected proponents with full details under separate cover.

In the upcoming weeks, the Division of Municipal Services and the Water Pollution Abatement Trust will conduct joint meetings with IUP-listed proponents to detail the next steps in the SRF process. Since SRF project financing requires coordination between engineering and financing professionals, participation of both in the sessions is strongly recommended. Details of the "Borrowers Meetings" will arrive under separate cover.

The Department appreciates the efforts that proponents invested in the development of applications. We know that significant effort goes into every application, and appreciate your efforts to enhance and protect the drinking water quality for the citizens of the Commonwealth.

Sincerely,

Steven McCurdy, Director
Division of Municipal Services

TABLE 1

DRINKING WATER STATE REVOLVING FUND
Calendar 2006 DWSRF Intended Use Plan

NEW PROJECTS

Rating	Applicant	SRF ID	Project	Project Cost	2006 IUP Cost
124.0	FALL RIVER	2949	Water Main Replacement	\$4,788,200	\$4,788,200
112.0	LOWELL	2896	Water Main, Storage Tank, Meters and Rehab WTF	\$14,762,000	\$14,762,000
100.2	NEW BEDFORD	2900	Water Main Rehab	\$8,803,690	\$8,803,690
99.4	*HADLEY	2927	New WTF	\$4,235,000	\$4,235,000
98.0	RANDOLPH	2888	Water Main Replacement & Cleaning & Lining	\$7,550,000	\$7,550,000
96.9	TRI-TOWN WATER BOARD	2912	New WTF	\$35,420,000	\$20,000,000
91.4	EAST BRIDGEWATER	2933	Two New WTF	\$6,320,000	\$6,320,000
85.6	NORTH ANDOVER	2965	Two Storage Tanks and other Distribution Improv.	\$5,973,000	\$5,973,000
80.2	*HOPKINTON	2891	Well WTF	\$2,750,000	\$2,750,000
78.6	WEBSTER	2887	Phase II Well Station Improvements	\$987,000	\$987,000
77.9	SWANSEA	2892	New WTF	\$6,400,000	\$6,400,000
68.4	ABINGTON/ROCKLAND JOINT WATER WORKS	2929	Water Main Replacement & Storage Tanks	\$7,788,000	\$7,788,000
TOTAL OF NEW PROJECTS				\$105,776,890	\$90,356,890

(Count: 12)

** Indicates Small System*

MassDEP PRIORITY PROJECTS

Applicant	SRF ID	Project	Project Cost	2006 IUP Cost
EMERGENCY SRF SET-A-SIDE			\$3,500,000	\$3,500,000
TOTAL OF MassDEP PRIORITY PROJECTS			\$3,500,000	\$3,500,000

(Count: 1)

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

Applicant	SRF ID	Project	Project Cost	2006 IUP Cost
MWRA	1679	Blue Hills Covered Storage	\$30,967,200	\$9,000,000
MWRA	2868	Spot Pond Mains, Clean Etc.	\$65,490,200	\$3,000,000
MWRA	1680	Southern Spine Distribution Mains	\$55,040,076	\$3,000,000
MWRA	677	Walnut Hill Water Treatment Plant	\$231,331,497	\$14,922,489
TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS			\$382,828,973	\$29,922,489

(Count: 4)

TOTAL OF INTENDED USE PLAN	\$492,105,863	\$123,779,379
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**Bureau of Resource Protection
Drinking Water State Revolving Loan Fund Program
Calendar Year 2006 Intended Use Plan And Project Priority List**

Draft for Public Comment

Introduction

The Federal Safe Drinking Water Amendments of 1996 authorize the award of capitalization grants to the States in order to create individual Drinking Water State Revolving Fund (DWSRF) programs. These programs provide State-administered below market rate loans to finance community water supply projects, both publicly and privately owned. Under the DWSRF program, States are required to match the federal capitalization grant to create the loan fund. Projects to be financed are selected using a priority ranking system based upon protection of the public health and improved compliance, together with affordability.

Pursuant to the applicable provisions of the Federal Safe Drinking Water Act Amendments of 1996, Chapter 78 of the Acts of 1998, and 310 CMR 45.00, the Department of Environmental Protection (the Department) developed its Final 2006 Intended Use Plan/Project Priority Lists (IUP/PPL), with its attendant ranking of drinking water projects. In order for a project to receive financial assistance under the State Revolving Loan Fund program, that project must appear on the Project Priority List and the Intended Use Plan Project Listing.

Notice of availability of the Draft 2006 IUP/PPL was made on December 15, 2005 and a Public Hearing was held on January 23, 2006, at MassDEP, One Winter Street in Boston at 1:30 p.m. Written public comment was accepted until 5:00 p.m. on January 26, 2006.

All new projects receiving financial assistance from the DWSRF will be eligible for loans at 2% interest. The Commonwealth subsidizes these loans, funding the spread between market interest rates and the 2% loan. This subsidy, so-called Contract Assistance, will continue to be allotted to the SRF programs in this and upcoming budget cycles.

The following is the Commonwealth's Final 2006 Intended Use Plan and Project Priority List for the Funding Period January 1, 2006 through December 31, 2006. This 2006 Intended Use Plan is for the construction of drinking water projects and for the non-project activities, namely DWSRF set-asides, described in Attachment A.

Long-term and Short-term Goal Statements

Long-term Goals. The Massachusetts State Revolving Fund has the following long-term goals:

- Support protection of public health by ensuring that all Massachusetts communities have safe drinking water.
- Develop and effectively manage a self-sustaining program to facilitate compliance by all public drinking water systems with the SDWA.
- Maintain the DWSRF in perpetuity.
- Promote the completion of cost-effective projects that maximize protection of public health.
- Prevent contamination through enhancing public water system technical, financial and managerial capabilities as well as the proactive protection of all systems.
- Perform ongoing capacity assessments and provide related assistance for all public water systems to ensure their ability to meet SDWA requirements and to provide safe drinking water to their customers.

- Maintain a strong source water protection program as the first step in a multiple barrier approach to maintaining excellent water quality. Complete Zone II delineation for all public supply wells pumping over 100,000 gpd and perform source water assessments for all public water sources as required by the SDWA Amendments of 1996. Increase public knowledge of, and participation in, source protection activities.
- Annually reexamine the balance between use of set-aside and project funds and adjust the strategy as needed in subsequent years' applications for DWSRF funds.

Short Term Goals. The short-term goals of the Massachusetts State Revolving Fund include:

- Maintain an effective DWSRF program that will facilitate statewide compliance with the SDWA and protect public health.
- Integrate the Commonwealth's Sustainable Development principles into DWSRF financing decisions. The Department will place a project on the fundable portion of the project priority list if implementation of the project is necessary to remediate the most serious risk to human health or is necessary to ensure compliance with the requirements of the SDWA. The Department's decision to elevate a project onto the priority list despite a poor Commonwealth Capital score shall be based solely upon a pressing public health or compliance need. DEP may require the affected community to implement measures required to improve its Commonwealth Capital score.
- Provide DWSRF financing for drinking water projects promoting significant benefit to the protection of the public health and enhanced compliance.
- Implement administrative rules and regulations for the DWSRF.
- Maximize funding by leveraging project funds.
- Utilize set-aside funds preventatively for source water protection and capacity development to avoid future spending on projects that may not be necessary if adequate protective mechanisms are in place.
- Expand upon existing source protection and capacity development efforts to meet the new SDWA requirements related to these two important programs.
- Establish a DWSRF reserve, not to exceed 5% of available funds, to finance at MassDEP's discretion unanticipated problems of acute public health concern, which arise during the year. Such projects must constitute an imminent public health threat and otherwise meet the Department's applicable criteria.

Sources and Spending Limits for the 2006 Funding Period

Funding for the SRF program will consist of Federal capitalization funds, the required 20 percent State match and other revenue available to the fund. The Department intends to leverage these funds in order to maximize the available funding. As a result, approximately \$123.8 million in financial assistance will be available for the 2006 funding period. In the event that the total amount available for loans is reduced or expanded, the Intended Use Plan may be modified accordingly. The Department upon receipt of additional federal and/or state allotments, or other available funds, if any, may move projects from the Project Priority List to the IUP Project Listing or may make increases to previously approved projects. The projects moved to the IUP Project Listing would be the highest ranked priority projects from the Project Priority List that are ready to proceed.

Applicant Cap Limitation. The regulations at 310 CMR 45.00 place a limit on any one proponent receiving any more than twenty-five percent of the available funding in a given year. Because of the shortfall of available funding relative to the number of worthwhile projects, and in order to extend financial assistance to as many highly ranked

projects as possible, the Department is proposing an applicant cap of thirty (\$30) million dollars for the 2006 funding period. The Department, however, reserves the right to waive the applicant cap limitation if the Department determines that one or more projects on the Intended Use Plan Project Listing is not ready to proceed. If the applicant cap is waived, communities may see an increase in financing support for projects not fully funded on the IUP listing.

Eligible Projects

Any drinking water project of an eligible borrower is eligible to receive financial assistance from the Trust. Such eligible projects include, but are not limited to:

- a) Projects to address or prevent violation of public health standards, including projects to come into or maintain compliance.
- b) Projects to replace aging infrastructure, if such projects are needed to maintain compliance or further public health goals and requirements, including projects to rehabilitate or develop sources to replace contaminated sources, install or upgrade treatment or storage facilities, and install or replace transmission and distribution pipes to prevent contamination or improve water pressure to safe levels.
- c) Projects to consolidate and or restructure a public water system.
- d) Planning and/or design of any eligible project.

Eligible Project Costs

Costs of construction that the Department determines are necessary for the completion of the project are eligible for financing in the loan and to receive a subsidy under the loan, subject to the applicant cap. Although costs for planning and design are eligible, they will not be financed during this Funding Period due to the high demand for construction funding.

Intended Use Plan Project Listing

The IUP Project Listing, Table 1, presents those drinking water projects approved for financing in the 2006 Funding Period, January 1, 2006 through December 31, 2006, through the State Revolving Fund program (SRF). Funding is contingent upon water suppliers having **appropriated the necessary local project funds by June 30, 2006, and submitting a completed loan application, including detailed plans and specifications at the earliest possible date, but not later than October 15, 2006.** At the Department's discretion a project on the IUP that will not be ready to proceed during the Calendar Year can be replaced by the highest ranked proposal(s) on the Priority List that is ready to proceed at the time funds are freed up.

As noted above, even though the Department has attempted to maximize the amount of financial assistance available for loans during the Funding Period, a large number of worthy drinking water projects still cannot be scheduled for DWSRF financing due to the shortfall of available funding. In an effort to further extend financial support to as many high ranked drinking water projects as possible, the Department has taken the following additional actions:

1. Established the limitation for the Funding Period on financial assistance to be \$30 million of the funds available on the IUP. The Department's current financial assistance regulations preclude any eligible borrower from receiving financial assistance for a project (s) in any amount more than 25% of the total financial assistance available.
2. To ensure that funds committed are used in a timely manner and that those funded communities are in compliance with all of their enforcement requirements, the Department is making eligibility for financing contingent on compliance with the terms of any outstanding enforcement or Administrative Consent Order (ACO). A community not in full compliance with an enforcement order or an ACO by the close of the public comment period will be removed from the IUP Project Listing and the funding will be reallocated to other borrowers. In no case will a Project receive approvals necessary for the

issuance of a loan agreement unless the community is in full compliance with enforcement or ACO requirements, as determined by the Department.

Project Priority List

A project priority list is an enumeration and ranking of potential drinking water projects in the State. This project priority list is derived from projects not completed prior to the promulgation date of the Drinking Water SRF Regulations, and from new applicants expressing an interest to be included for funding. The evaluation and ranking of these projects was conducted based upon information solicited and submitted to the Department within the proponents' Project Evaluation Forms (PEF). This project information was then rated and ranked according to the Department's 2006 Project Rating Score Sheet consistent with the criteria contained within the Department's regulations governing financial assistance. The proposed 2006 Drinking Water Project Priority List follows in Table 2.

Development of the IUP Project Listing

With the available capacity of approximately \$123.8 million for the DWSRF program, the Commonwealth intends to provide assistance to those projects on the Final 2006 IUP Project Listing, Table 1. That Project Listing was developed based upon the following five-step process:

- Rate and rank the projects based on the information submitted and its relative impact on public health protection, improved compliance, affordability, and programmatic considerations, all as contained within the Commonwealth's priority ranking system.
- Evaluate the amount of financing requested by each community including the application of a limitation on financial assistance.
- Identify the sources and spending limits for available DWSRF funds.
- List in ranked order those projects ready to proceed in the Funding Period up to the amount of available DWSRF funding.
- Review resultant Project Listing to determine compliance with the 15% small system requirement.

To be considered for funding, projects must meet State and Federal eligibility requirements, must be ready to proceed during the Funding Period and have appropriated local funds necessary to finance the project. Eligibility includes consistency with the assurances described in this document and the requirements contained within the Department's financial assistance regulations. Periodically, projects on the final Project Priority List (Table 2) may have higher priority point totals than the projects on the IUP Project Listing (Table 1). That occurs because those particular projects on the Project Priority List are not ready to proceed. An important indicator of readiness to proceed is that a project has completed the State Environmental Review Process (SERP).

In the event that the Department must choose between two or more projects having the same priority point value, the Department shall rank the projects in order of the highest rating for public health criteria, and, if the same, highest affordability rating, and, if still the same, highest population at risk.

Small Systems

EPA requirements direct the States to provide at least 15% of the DWSRF grant amount to be used for the financing of small water supply systems (i.e. serving a population of less than 10,000). Fifteen percent of the 2006 DWSRF grant equals \$3,338,865. Two (2) projects, totaling \$6,985,000, or 31% of the 2006 grant, are included on the IUP, easily satisfying the small system requirement.

Project Bypass Procedure

A project on the IUP Project Listing may be bypassed if the Department determines that the bypassed project will not be ready to proceed during the Funding Period. Project(s) bypassed will be replaced by the highest ranked priority project(s) on the Project Priority List that are ready to proceed or the funds may be used for cost increases to other projects previously approved. As previously stated, complete project applications not received nor expected to be received by the Department by October 15, 2006 will be automatically considered for bypassing.

Certification for Priority

To be considered for funding priority, communities must have appropriated the necessary local project funds or have committed to a schedule to **obtain those funds by June 30, 2006**. Also, complete applications must be submitted to the Department at the earliest possible time, **but not later than October 15, 2006**. A complete application must contain the local funding authorization and the required supporting documentation. Any project not meeting these deadlines will be removed from the IUP Project Listing.

- No community can receive financial assistance unless it can demonstrate that it has adequate, technical, financial and managerial capacity, as approved by the Department.
- All projects submitted for funding are reviewed to assure general conformance with Water Quality Management Plans and other applicable water resource management plans.

Assurances and Special Conditions

Title XIV of the Federal Safe Drinking Water Act amendments of 1996 and subsequent regulations and guidance require that the Commonwealth certify compliance with or acceptance of a number of conditions. These include compliance with the applicable provisions of s. 1452, State Revolving Loan Fund, as follows:

- DWSRF borrowers are required to meet the standards of the National Environmental Policy Act or a State equivalent. Some projects, owing to their relatively minor environmental impacts, if any, do not trip the threshold of the Massachusetts Environmental Policy Act and are therefore not subject to the rigorous environmental review process set forth in MEPA. The Commonwealth reasons that these projects are categorically exempt from the NEPA review process. These Borrowers are: MWRA (pump station rehab), Fall River, New Bedford, Randolph, and Lowell (water main rehab)
- Binding Commitments. The Commonwealth will enter into binding commitments for 120 percent of each quarterly Federal payment within one year of receipt of that payment.
- Expeditious and Timely Expenditures. The Commonwealth will expend all funds in the SRF in a timely and expeditious manner.
- Compliance with Title XIV requirements. The Commonwealth agrees to meet the specific statutory requirements for drinking water projects constructed in whole or in part with funds directly made available by Federal capitalization grants.
- State Matching Funds. The Commonwealth agrees to deposit into the SRF from State monies an amount equal to 20 percent of the amount of each grant payment on or before the date on which the State receives each payment from the grant award.
- The Commonwealth agrees to expend each quarterly grant payment according to its laws and procedures.
- National Reporting Needs. The Commonwealth agrees to provide data or information to EPA as may reasonably be required for national reports, public inquiries, or congressional inquiries.
- Set aside Programs. The Commonwealth will conduct set aside activities consistent with the plan detail as Attachment A to this document.

TABLE 2
DRINKING WATER STATE REVOLVING FUND
Calendar 2006 DWSRF Project Priority List

NEW PROJECTS

Rating	Applicant	SRF ID	Project	Project Cost
124.0	FALL RIVER	2949	Water Main Replacement	\$4,788,200
112.0	LOWELL	2896	Water Main, Storage Tank, Meters and Rehab WTF	\$14,762,000
100.2	NEW BEDFORD	2900	Water Main Rehab	\$8,803,690
99.4	*HADLEY	2927	New WTF	\$4,235,000
98.0	RANDOLPH	2888	Water Main Replacement & Cleaning & Lining	\$7,550,000
96.9	TRI-TOWN WATER BOARD	2912	New WTF	\$35,420,000
91.4	EAST BRIDGEWATER	2933	Two New WTF	\$6,320,000
85.6	NORTH ANDOVER	2965	Two Storage Tanks and other Distribution Improv.	\$5,973,000
80.2	*HOPKINTON	2891	Well WTF	\$2,750,000
78.6	WEBSTER	2887	Phase II Well Station Improvements	\$987,000
77.9	SWANSEA	2892	New WTF	\$6,400,000
68.4	ABINGTON/ROCKLAND JOINT WATER WORKS	2929	Water Main Replacement & Storage Tanks	\$7,788,000
63.8	TAUNTON	2953	Water System Improvements	\$9,812,000
61.5	GLOUCESTER	2890	Replacement Water Main	\$1,350,000
60.8	READING	2915	New WTF	\$23,304,000
60.6	MWRA	2886	Rehabilitation of 5 Pump Stations	\$21,390,000
55.8	WEYMOUTH	2889	Rehabilitation WTF	\$35,000,000
55.2	CANTON	2930	New WTF	\$9,200,000
54.9	DUXBURY	2902	New Pump Station and Distribution Improvements	\$3,350,000
54.0	EDGARTOWN	2893	New Well, Distribution Main, and Control Center	\$3,556,000
53.5	*DUDLEY	2898	New WTF	\$2,546,000
50.4	BEVERLY	2973	Water Main Replacement	\$2,986,500
49.6	NORTH RAYNHAM WATER DISTRICT	2974	New Well & WTF Expansion	\$3,507,000
43.5	GLOUCESTER	2916	Dam Rehab	\$850,000
41.0	WEST GROTON WATER DISTRICT	2903	New Well	\$1,150,000
34.0	HOLBROOK	2917	Water Main Replacement	\$7,970,000
33.4	*MATTAPOISETT	2935	Tank	\$2,421,000
20.0	ATTLEBORO	2901	Water System Security	\$936,000
19.0	*MATTAPOISETT	2976	Water Main Replacement	\$1,123,000
TOTAL OF NEW PROJECTS				\$236,228,390

(Count: 29)

**Indicates Small System*

MassDEP PRIORITY PROJECTS

Applicant	SRF ID	Project	Project Cost
EMERGENCY SRF SET-A-SIDE			\$3,500,000
TOTAL OF MassDEP PRIORITY PROJECTS			\$3,500,000

(Count: 1)

MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS

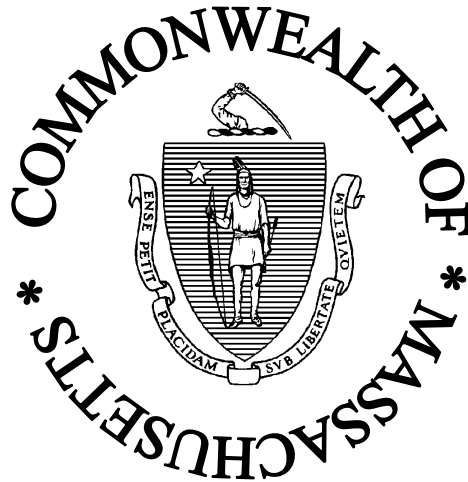
Applicant	SRF ID	Project	Project Cost
MWRA	1679	Blue Hills Covered Storage	\$30,967,200
MWRA	2868	Spot Pond Mains, Clean Etc.	\$65,490,200
MWRA	1680	Southern Spine Distribution Mains	\$55,040,076
MWRA	677	Walnut Hill Water Treatment Plant	\$231,331,497
TOTAL OF MULTI-YEAR CARRYOVER AND STATUTORY PROJECTS			\$382,828,973

(Count: 4)

TOTAL OF PROJECT PRIORITY LIST	\$622,557,363
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ATTACHMENT A





**DRINKING WATER
STATE REVOLVING FUND
(DWSRF)**

Intended Use Plan
For Fiscal Year 2006 Set-aside Funds
Authorized Under the Federal
Safe Drinking Water Act

Document: 06dwiup Final - 051116
16 November 2005

DRINKING WATER STATE REVOLVING FUND PROGRAM

MASSACHUSETTS DRAFT INTENDED USE PLAN FOR SET-ASIDE FUNDING ACTIVITIES TO BE SUPPORTED BY FEDERAL FISCAL YEAR 2006 FUNDING

16 November 2005

The order of presenting the discussions for each set-aside in this IUP has been revised from previous years to accord with EPA's now-standard order of presentation of the four set-asides.

I. 4% FOR ADMINISTRATION – 8 FTEs

A. MANAGE DWSRF COORDINATION of Projects and Liaison with the Massachusetts SRF Trust.

B. OVERSEE ADMINISTRATION AND MANAGEMENT of the DWSRF Priority List/Intended Use Plan process and fiscal administrative aspects of the set-asides, such as grant application and fiscal reporting, and coordinate with the Drinking Water Program in regard to the set-asides, including the Leak Detection and Conservation Capacity Improvement Program.

C. SUPPORT, CONDUCT, AND ANALYZE PROJECT APPLICATIONS AND PROJECT REVIEWS, and administer the 15% Set-Aside Leak Detection and Water Conservation Capacity Improvement Grants.

4% Set-Aside Deliverables

Coordination of all DWP Source Protection and Technical Services Activities

Set-Aside IUP and Work Plan Sections that Reflect Drinking Water Program Needs and Priorities

Oversight of DWSRF Loans and Grants

4% Set-Aside Measures of Success

Drinking Water Source Protection and Technical Services Section Activities that Support Drinking Water Program Goals and Priorities and are Coordinated with the DW SRF

Set-Aside Activities Achieve Stated Deliverables and Measures of Success that are Consonant with Drinking Water Program Objectives.

Award of Loans and Grants in a Timely Manner

II. 2% FOR SMALL SYSTEMS SET-ASIDE – 3 FTEs

In 2005, DEP anticipates applying for the full 2% small systems technical assistance set-aside. This set-aside is restricted to use for small systems technical assistance.

A. STAFFING TO SUPPORT MUNICIPAL SERVICES in Providing Technical Assistance in Support of Small System Capacity Development – 3 FTEs. Three Circuit Riders FTEs will continue to be provided in the regions to follow up with individual small systems on specific compliance issues and other system operation issues.

B. CONTRACTED SERVICES:

CONTINUE Third Party Technical Assistance to Public Water Systems

The funds designated in this section provide for continued operation of the existing third party technical assistance contract. Work provided under that contract is described below. It is the Department's intent to amend the current contract with the Massachusetts Coalition for Small Systems Assistance (MCSSA) for an additional two-year period to accomplish this. FY. The technical assistance provider (contractor) will continue to provide one-on-one site visits to "priority one" (noncompliant) small community and NTNC systems, and to small systems personnel. Training visits will be a minimum of 4 hours. They will cover SRF application assistance (or assistance in applying for other financial opportunities), financial planning, cross connections, source and distribution protection, operator certification, sample collection, consumer outreach reporting, sample schedules, violations response. They will also address selection of appropriate technologies for small systems needs (including the development of a database on appropriate small system treatment technologies and protocols). In addition, they will cover assistance with specific small system compliance-related water quality problems, and assistance on technical problems identified in a CCE or Sanitary Survey. **As well, a number of Capacity-building activities under this contract will be funded through the 15% Local Assistance Program set-aside.** That work will be separately tracked.

The technical assistance provider (contractor) will develop and deliver group training seminars for priority 2 (hard to reach) community and non-community systems. Typical examples are listed below:

- Seminars on distribution and source protection
- Seminars on consumer outreach and reporting as well as use of the Internet as a source of drinking water information
- Seminars on sample schedules and violations response.
- Provide operator certification training seminars (with certification credits) for Small System Operators, especially on new and existing SDWA requirements such as SOC/IOC monitoring requirements, public notification requirements, distribution system maintenance, water treatment topics, capacity development, small systems variances and exemptions, and the SRF process.

DEP/DWP will develop lists of priority water systems to receive this assistance. Contractors will be provided these lists and will be asked to recruit as well as track the progress of all public water supplies they work with. FY 05 funds will be reserved to continue this new contract.

2% Set-Aside Deliverables:

On-site Training and Support to Public Water Suppliers

Audit 20% of TNC Sanitary Surveys and provide Groundwater Under the Influence evaluations

Technical Assistance Given to Targeted Systems that have Specific SDWA Treatment Compliance Issues

Reviews of Technical Reports Related to Water Supply Technology and Analysis

Technical Reviews of State Initiatives such as Disinfection Byproduct Treatment or Groundwater Disinfection

Supervision of Technical Staff and Training Programs for Suppliers

Technical Reviews of Major Water Quality Projects and Public Health Data

Information for the Public and for Water Suppliers on Major Water Quality Problems

Perform Comprehensive Performance Evaluations (CPEs) for surface water treatment plants

Seminars on SDWA Topics
Establishment and Operation of Mentoring Groups
Training Sessions (with credits) providing Certified Operator Training

2% Set-Aside Measures of Success:

Compliance Issues are Successfully Addressed in the Targeted Systems

Effective Technical Assistance Given as Scheduled

Each group seminar and one-on-one assistance session will be preceded and followed by an evaluation form to be filled out by participants to assess the efficacy of the session. Evaluation of the results will be considered as part of the contract assistance, and provided to the DEP staff responsible for implementing training initiatives and reporting on Capacity Development, for their assessment and future planning. Evaluation of all training and assistance will consider the success of recruiting recalcitrant and high-priority systems. Evaluation of mentoring cooperatives will be based on the sustainability and perpetuation of the mentoring groups.

Reports Reviewed as Scheduled

III. 10% FOR STATE PROGRAM MANAGEMENT – 22.78 FTEs

A. CONTINUE CAPACITY ASSURANCE PROGRAM – 5.25 FTEs

In the early approaches to Capacity, MassDEP designated specific staff as capacity specialists. This was effective in developing the elements of the Capacity Assurance program. As time has passed, the Drinking Water Program has discerned that it is more productive to train all staff that do Sanitary Surveys in the elements of Capacity Assurance, and to integrate the former capacity specialists into that activity and other general drinking water activities related to assessment, development, and assurance of capacity. The Drinking Water Program has also instituted several capacity implementation activities as described under the 15% local Assistance Set-Aside.

B. CONTINUE TO FUND SOURCE PROTECTION PROGRAM – 3 FTEs [See Also Under Local Assistance 15% for Additional Capacity-Related Components of Source Protection Program.]

With the conclusion of the SWAP Assessments, the Source Protection function has been integrated into the general drinking water program activities. MassDEP is still funding 3 FTEs worth of this work from the 10% set-aside, but the source protection tasks are now distributed among more individuals and reaching more PWS.

1. CONTRACTED SERVICES

a. CONTINUE to manage Surface Water Supply Protection Program.

b. CONTINUE to develop and maintain spatial data related to public water sources and potential contamination threats and produce source protection maps as needed.

C. PWSS SUPPORT – 13.53 FTEs

1. Review engineering plans and specifications for construction of public water supply facilities, perform compliance and enforcement activities relating to the Massachusetts Drinking Water Regulations and provide technical assistance to public water suppliers

2. Continue to support the Drinking Water Program by providing administrative assistance to all Drinking Water Program staff.

3. Support the Drinking Water Program by providing legal assistance to DWP staff in matters related to SDWA Primacy.

4. Provide assistance in implementation of the Surface Water Treatment Rule (SWTR), coordinating tracking of the SWTR activities, and assisting with related guideline revision. Review new technology, establishing and updating New Technology List, reviewing new technology projects within DEP fee time guidelines. Assist in Lead and Copper Rule implementation through DPH lead coordination, lead and copper tracking, and coordinating with DEP Regions. Assist in development of Ground Water Rule (GWR) through participating in EPA GWR workshop and commenting on rule proposal and rule development. Implement upcoming Groundwater Rule. Coordinate vending machine and bottled water activities of DWP. Coordinate DWP point of entry/point of use treatment activities. Coordinate Ground Waters Under the Influence of Surface Waters (GWUI) activities with DW SRF Circuit Riders in the DEP Regions. Coordinate Comprehensive Performance Evaluations (CPE) with Circuit Riders. Review variances and exemptions. Begin implementation of activities under the Arsenic Rule and Stage II Disinfectants Rule.

5. Coordinate management of Water Quality Assurance data. Maintain and enhance Water Quality Testing System (WQTS), assign and oversee work of ITO Oracle programmer; Manage DEP SDWIS Data. Coordinate Disinfection Byproducts Rule efforts. Coordinate monitoring and reporting. Coordinate work and issues between the Drinking Water Program and laboratories.

7. Support the Drinking Water Program and the Capacity Assurance Program by providing database development/enhancement and web site management and general source protection support. It is critical that DEP be able to develop web site materials that meet EPA requirements for making drinking water information public, and that it provide an efficient, pleasing, clear way for the public, the regulated community and others to obtain information. Create tools to facilitate program tracking and organization. Support the Drinking Water Program by developing protection-related guidance materials and ensuring that they are readily available. Review source protection plans and provide source protection technical assistance. Assist in Drinking Water Awards Program and other Capacity-related activities. Provide outreach to PWS.

8. CONTRACTED SERVICES

- a. In FFY 2006, DEP will continue to contract for assistance to coordinate and implement the annual public water supply statistical reporting program. The Contractors will also maintain the PWS inventory, develop related reports, answer information requests from other agencies and the public, prepare information for microfilming and archiving, extract SDWA Assessment data for annual billing and verify statistical information used to set the Assessment, and assist in enforcement.
- b. The Department will continue to contract for staff to enter compliance monitoring and other data as needed

C. CONTINUE to support the SDWA Small System Public Water System Classification and Operator Certification Programs.

This work is now expanded by being included among general Drinking Water program responsibilities. The activities are now distributed among more individuals. The Mass Drinking Water Program has a very active program that ranges from chairing the Board of Certification Of Drinking Water Operators to providing general and specialized training of and guidance for drinking water operators at all levels. In particular, training opportunities are being provided for operators of small systems. MassDEP is beginning this year to supply more active guidance for Contracted Operators.

The program also works closely with Boards of Health in identifying and registering new PWS, as well as with the Board of Certification in assuring operator compliance.

E. DEP INDIRECT CHARGES ON MATCH FOR 10% PROGRAM MANAGEMENT ACTIVITIES

The Commonwealth intends to completely meet the one-to-one match required through in-kind services incurred by the Department through the administration costs that were incurred during the periods of fiscal years 1993 and 2006. Detailed documentation will be provided upon request.

10% Set-Aside Deliverables

Coordination and evaluation of Statewide Capacity Development Work Products
Implementation of Financial Review Protocols
Training Sessions for Regional Capacity Development Activities
Capacity Assessments and Capacity Compliance Schedules during Sanitary Surveys.
Capacity Reviews in Source Approval Process
Audit of Financial Information for up to 20% of PWS
Liaison for Third Party TA and Mobilization
Data Entry and Tracking
Compliance Schedules for 20% of all TNCs
Training Schedules for TA Providers
Reports
Coordination of Certified Operator Training Contract
On-Site Training and Support to Water Suppliers
Public Water System-specific Protection Recommendations
Improved GIS Coverages for Watershed Protection

Hydrogeologic Reviews
 Technical assistance meetings, approved water supply protection plans, outreach materials.
 Spatial data, Maps.
 Set-asides Data updates
 SWTR tracking system and records
 Revised SWTR Guidelines
 Updated New Technologies List
 Lead and copper tracking system and records
 GWDR workshop participation
 WQTS/SDWIS reports and data downloads
 User Training for WQA Data System
 Quarterly WQTS EMAIL newsletter
 Plan for state implementation of Disinfection Byproducts Rule
 Regulations, Policy, and guidance for Disinfection Byproducts Rule.
 Disinfection Byproducts Rule training for DWP staff and PWSs
 Post annual SDWA compliance report as required by EPA.
 Capacity Assurance Program databases; eventually incorporate into WQTS.
 Continue to post CCR program information on Internet.
 Continue to maintain and update Drinking Water Program Web Site design, links, etc.
 Continue to classify public water systems and facilities.
 Review and approve training courses for training contact hour ratings
 Review and approve staffing plans for public water systems
 Implement and update enforcement strategy.

10% Set-Aside Measures of Success:

Capacity is Improved
 Regional Staff Produce Coordinated Work on capacity evaluations
 Technical, Financial, and Managerial Capacity of Targeted Systems Improves, or Systems without
 TMF capacity are Absorbed by Other Systems with adequate Capacity
 Reviews and Reports are Complete and are Produced in a Timely Manner to meet all EPA SDWA
 Deadlines
 New and Updated Surface Water Supply Protection Plans are Approved
 Local Source Protection Efforts are implemented at Surface PWS Sources
 Program is Well Thought Out and Revised as Necessary
 Technical Assistance is Appropriate and Timely and Leads to Improved Source Protection in the
 Systems Visited/Assessed
 Protection of Public Water Supplies is Enhanced
 GIS Databases are Properly Reviewed and Maintained
 SWAP Assessments, reports and maps are conducted on new or newly identified PWS
 Data Management Systems allows upload of NIMS as required
 Set-aside System is developed and implemented
 Project System is developed and implemented
 SWTR activities are coordinated
 SWTR guidelines are revised
 New technology proposals are reviewed within DEP Fee and Permit timelines
 Lead and Copper Rule work is coordinated
 EPA workshop successfully rolls out the GWDR as a result of workshop participation
 Vending machine and bottled water activities are coordinated
 Point of Entry/Point of Use treatment activities are coordinated.
 GWUI and CPE activities are coordinated.
 WQTS and SDWIS are successfully coordinated
 WQTS Newsletter published quarterly
 DBP Rule is implemented in Massachusetts
 Monitoring is coordinated
 Laboratory certification for new contaminants is coordinated

WQA-related laboratory issues are coordinated
Drinking Water Web site is clear, easy to use and understand.
EPA regulatory requirements for CCR and annual compliance report are met.
Individual Program databases support web postings in an efficient manner and easily link to WQTS.
Drinking water information is easy to find from DEP home page;
Links to relevant sources of information are appropriate and maintained.
Public Water systems and facilities are classified and entered into WQTS on an ongoing basis.
A list of all training courses is developed
All public water systems have an approved staffing plan
An effective enforcement strategy is developed and kept current with emerging Rules and changing conditions.

IV. 15% FOR LOCAL ASSISTANCE - 15 FTEs

Wellhead Protection and Capacity Implementation

A. STAFFING – 7 FTEs from 2006 Funding

8 FTEs from Unexpended Prior Year Funding

1. Assist with source protection program activities related to groundwater sources, as well as operation of the UIC program (a.k.a. “Underground Source Water Protection Program”). Ensure consistency of this work among regions; coordinate with GIS and Internet programs; coordinate with other DEP programs; investigate available data for usefulness to groundwater protection; and develop relevant policies and procedures.
2. Develop and maintain spatial data related to public water sources and potential contamination threats. Work with regional staff and resources to locate regulated facilities including locating information in files and making site visits to collect location information. Assist with GIS management.
3. Assist in Zone II delineation (and re-delineation as needed) and other wellhead protection-related work.
4. Provide technical assistance on source protection to public water suppliers and local officials, and assist with the source water assessment program and with protection of groundwater sources from contamination by septic systems. This includes providing system-specific protection recommendations.
5. In accordance with the Capacity Strategy, provide technical assistance in implementing capacity development, including the ability to provide adequate quantities of source water. Provide Capacity Outreach.
6. Provide “circuit rider” assistance, primarily with protection of groundwater sources.

B. CONTRACTED SERVICES

1. Manage the wellhead protection program and provide technical guidance. This includes: reviewing and approving municipal land use controls for compliance with state wellhead protection regulations at 310 CMR 22.21(2) for new source approvals and water management permits; providing technical assistance to communities, public water suppliers and consultants regarding wellhead protection and compliance with state regulations; overseeing consistency of wellhead protection program among regional offices; providing local regulatory review training, information, and assistance to regional offices; and developing wellhead protection documents, outreach material fact sheets, and wellhead protection database.
2. **Plymouth Carver Aquifer** – DEP will continue the Plymouth-Carver Aquifer project proposed in the Final 2005 UIP and presented for Public Hearing in June 2005. \$500,000 of the FFY 2005 funds have been committed in a cooperative agreement with the US Geological Survey Water Resources Division (which will contribute \$250,000 toward the project) in the Plymouth Carver aquifer. This Water Resources Investigation will evaluate regional groundwater flow and the interaction between groundwater and surface water flow in this rapidly developing area, develop an updated steady-state groundwater flow model, and develop a transient groundwater flow model to evaluate the effects of current and future groundwater withdrawals, wastewater disposal, seasonal changes in pumping, aquifer recharge, drought, and water availability. The Plymouth-Carver region is one of the most rapidly developing areas of the Commonwealth, and timely availability of this information is critical to adequate water supply capacity and protection of drinking water and surface water resources in that area.

3. NEW PROJECTS

a. Geohydrology of the Nashoba Bedrock Terrain

This is a continuation of a previous partially funded project that will provide bedrock aquifer characterization and hydrologic modeling of the Nashoba Zone. It adds \$500,000 in funding to complete that project. The Nashoba Zone stretches along the Interstate 495 corridor and is experiencing considerable development pressures with limited sand and gravel aquifer resources for water supply development. Information collection and analysis will be conducted at a regional scale, applicable to the entire terrain, and at a local scale, applicable to those particular sites and extractable to the entire region. The information developed by this project will be presented in a format that will facilitate its use for development, management and protection of the water resources.

b. Refinement and Further Evaluation of the Massachusetts Firm Yield Estimator Model

This project would expand upon a recently completed study that evaluated the firm yield of selected reservoirs. This project would focus on developing firm yield values by incorporating release scenarios that would be determined based on protective flow targets downstream of the impoundment. Criteria for release would be based on the feasibility of modified flow targets coupled with reservoir storage options. The project would test scenarios on reservoirs selected by the Department. \$572,334 in funds will be committed to this project.

c. Safe Yield Estimator Application

This project would include the exploration of safe yield definitions and strategies identifying scientific parameters such as scale levels, surface flow, base flow, aquatic habitat, groundwater levels, aquifers, environmental integrity, sustainability, climate, etc. Temporal and spatial criteria for quantifying safe yield would be related to environmental factors such as protective stream flow targets and off-stream uses such as municipal water supply. This project would present a range of options for DEP consideration as we strive to ascertain a reasonable balance between competing interests for water resources. \$430,000 will be committed to this project.

4. **Third-Party Capacity Development in Small Systems** - Mass DEP proposes to fund Capacity Development tasks of the already-contracted small systems third-party contractor through \$112,000 in 15% Local Assistance funding. In previous years funding for Small Systems Technical Assistance came entirely from the 2% Small Systems set-aside, but the Drinking Water Program has concluded that a portion of the work is more appropriately funded under the Local Assistance Capacity Implementation provisions. Typical activities are listed below:

- Seminars in financial planning for small community systems
- Seminars on financial planning for small non-community systems
- Establish sustainable PWS mentoring groups (at least 4 statewide) and organize meetings to address information sharing on: financial management, rate-setting, sampling/purchasing cooperatives, management consolidation, restructuring, or other topics important to developing the capacity of participating systems.

C. GRANTS: \$400,000 will be used to continue providing local assistance grants that support capacity development through leak detection and conservation, continuing this program at the same level as in 2005.

15% Set-Aside Deliverables

UIC program operating under State Primacy

Spatial data, maps.

Zone II Reviews

On-Site Training and Support to Water Suppliers

UIC tracking and reports

Outreach materials, technical assistance meetings, training for regions, and bylaw reviews.

Implementation of leak detection and conservation capacity improvement grant program.

15% Set-Aside Measures of Success:

Improved Source Protection for ground water sources at State and Local Levels

GIS Databases are Properly Reviewed and Maintained

Reviews are concluded in a Timely Manner

Contract Oversight is Effective

Technical Assistance is Appropriate and Timely and Leads to Improved Source and Aquifer Protection in the Systems Visited

Methods to assure capacity to deliver adequate quantities of drinking water are developed

Program Goals Meet DEP Objectives

Improved Protection at the Local Level

V. STATUS OF FY 1997 THROUGH FY 2005 SET-ASIDE FUNDS

(Please Note: FY 1997-FY 2002 Set-Aside Funds Have Been Expended)

Set-Aside	Tracking #	FY2003	FY2004	FY 2005	Total By Set-Aside	Minus Encumbrances to Date (20 October 05)	Total Balances By Set-Aside	Discounting Remaining FFY 05 Commitments	Available For Use After FFY 2005
Administration	1400/AR08		\$ -	\$ 829,006.95	\$ 829,006.95	\$ 601.26	\$ 828,405.69	\$ 828,405.69	\$ -
Small Systems	1401/AR09	\$ -	\$ 475,030.80	\$ 592,420.00	\$ 1,067,450.80	\$ 290,357.51	\$ 777,093.29	\$ 592,420.00	\$ 184,673.29
State Management	1402/AR10	\$ 1,340,020.80	\$ 2,570,773.00	\$ 2,688,663.00	\$ 6,599,456.80	\$ 225,512.41	\$ 6,373,944.39	\$2,688,663.00	\$3,685,281.39
Local Assistance	1403/AR11	\$ 1,267,479.38	\$ 863,031.00	\$ 1,761,141.00	\$ 3,891,651.38	\$ 527,977.83	\$ 3,363,673.55	\$1,261,141.00	\$2,102,532.55
									\$ -
\$ Remaining By Year		\$ 2,607,500.18	\$ 3,908,834.80	\$ 5,871,230.95	\$12,387,565.93	\$ 1,044,449.01	\$11,343,116.92	\$5,370,629.69	\$5,972,487.23
						Checksum	\$11,343,116.92	Checksum	\$5,972,487.23

IUP SET-ASIDE BUDGET BASED ON FFY 2006 FUNDING LEVEL

This Budget equals 29% of the Cap Grant and 93.6% of all allowable Set-Asides.

Administration Set-Aside – 4%

Total Available: \$890,364

PURPOSE

AMOUNT REQUESTED

Staff

\$888,149

Support

\$2,215

TOTAL REQUESTED (100% of available Set-Aside)

\$890,364

Small Systems Set-Aside - 2%

Total Available: \$445,182

PURPOSE

AMOUNTS REQUESTED

Staff

\$288,581

Support

\$13,723

Contracts

\$142,878

TOTAL REQUESTED (100% of available Set-Asides)

\$445,182

State Program Management Set-Aside – 10% Funding

Total Available: \$2,225,910 In 2006

Also to be used: \$789,753 Prior Funding

Total of Both: \$3,015,663

PURPOSE

AMOUNTS REQUESTED

Staff

\$2,596,019

Support

\$45,590

Contracts

\$374,054

TOTAL REQUESTED (100% of available set-aside + additional Prior Funds) \$3,015,663

Local Assistance Set-Aside – 15% Funding Plus

Total Available: \$3,338,865 In 2006

PURPOSE

AMOUNTS REQUESTED

Staff

\$766,752

Support

\$23,300

Grants

\$400,000

Contracts

\$1,705,560

TOTAL 2006 FUNDS REQUESTED (86.7% of available Set-Aside)

\$2,895,612

Total Unexpended Prior Year Funds to be used for 8 additional FTEs:

\$876,288

TOTAL ALL 2006 + Prior Years 15% Funding Use Planned

\$3,771,900

TOTAL REQUESTED FOR ALL FFY 2006 SET-ASIDES

\$6,457,068

TOTAL REQUESTED FROM PRIOR YEAR UNEXPENDED FUNDS

\$1,666,041

TOTAL OF FFY 2006 DW SRF SET-ASIDES PLUS PRIOR FUNDS

\$8,123,109